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CENTRAL INTELLIGENCE AGENCY

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SUBJECT: SE-51: THE SIGNIFICANCE OF THE NEW INDONESIAN GOVERNMENT
(Draft for the Board)

DISCUSSION

The Composition of the New Cabinet

1. After nearly eight weeks of political maneuvering, the Indonesians finally succeeded on August 1st in forming a new cabinet. Like all cabinets since Indonesia achieved independence in 1949, the present cabinet represents a coalition, but for the first time does not include the Masjumi (Moslem Party), the party with the most Parliamentary strength and the greatest public support.

2. The Nationalist Party (PNI) is dominant in the cabinet. It holds the post of Prime Minister, as well as the portfolios of Foreign Affairs, Economic Affairs, and Finance. Except for Prime Minister Ali, all these ministers are members of the Party's left wing. Nahdatul Ulama (NU) and PSII, minor Moslem parties, hold five cabinet positions: Agrarian Affairs, Religious Affairs, Communications, Public Welfare, and the second deputy prime minister-ship. The Greater Indonesian Association (PIR), a secondary nationalist

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party, holds the post of first deputy prime minister and the portfolios of Interior and Public Works. Minor nationalist parties hold four seats. The four remaining seats, including the most important Defense Ministry, are held by Marxist parties.

3. The outstanding characteristic of the Ali cabinet is the strong leftist inclination of the ministers holding some of the most important portfolios. None are avowed members of the Communist Party. However, four ministers, Iwa (Defense), Ong (Finance), Abidin (Labor), and Sadjarwo (Agriculture), are probably willing to cooperate with the Communists on most issues. An additional four ministers, Sunario (Foreign Affairs), Djody (Justice), Abikusno (Communications), and Yamin (Education), can be expected to cooperate with the Communists from time to time. Balanced against these 8 cabinet members are the Prime Minister and the other 11 members of the cabinet, who do not however hold any influential ministries except perhaps Economic Affairs.

Cabinet Support in Parliament

4. The parties represented in the cabinet have a total of 92 votes out of 210 active Parliament members. Votes of the opposition parties -- Masjumi, Socialist, Christian, and Democratic -- total 80. Eight out of 15 independent votes will probably go to the government, giving the government parties 100 votes, six votes short

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of a majority. This gap will probably be filled by the votes of the Communist bloc. The Communist Party of Indonesia (PKI) and the Communist-dominated labor union (SOBSI) have already indicated that they will swing their 19 votes to support of the government. In this situation the cabinet must rely on Communist support to win Parliamentary approval of any controversial measure. However, party discipline is frequently broken in Indonesia and total Parliamentary attendance rarely approaches the active membership of 210. Therefore, it is quite possible that the opposition might gain sufficient votes unexpectedly on almost any issue and cause the government to fall.

The Significance of the New Cabinet in Indonesian Political Development

5. The formation of a new cabinet was prolonged by a struggle for power between the two major parties, the Nationalist Party and the Masjumi. The Nationalist Party sought to achieve a dominant role in the new government in order to enhance its political position before national elections are held. To help counter the popular strength of the Masjumi, the Nationalist Party turned to the Indonesian Communist Party for support. On the other hand, the Masjumi Party, alarmed by the growing cooperation between the Nationalist Party and the Communist Party, sought to relegate the Nationalist Party to a less dominant position in the new cabinet. The victory of the Nationalist Party in forming a cabinet from which the Masjumi

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is excluded is significant in the political development of Indonesia because it represents a complete split between the two major Indonesian political parties which have heretofore cooperated in Indonesian coalition governments.

6. The split between the two major parties is probably a normal phase in the political development of Indonesia now that the unifying force of the struggle for independence has been largely dissipated and Indonesian leaders are faced with the difficulties of organizing and developing a country. To the extent that the Masjumi-Nationalist split leads to the formation of two distinguishable political groups representing separate interests in Indonesia, this event will strengthen Indonesian political development. In this connection, it is important that the split has occurred at least in part over the question of cooperating with the Communists. This may lead to a sharp division between anti-Communist and pro-Communist groups in Indonesia. It already appears that the Masjumi is taking the lead in unifying an anti-Communist opposition of all parties not represented in the cabinet. It is possible that Vice-President Hatta, long known as a pro-American and anti-Communist, will be the leader of the anti-Communist forces.

7. The formation of the new cabinet has had an impact on the political position of President Sukarno, and this in turn may significantly affect the political development of Indonesia. For

motives that are not yet clear, Sukarno accepted this cabinet after refusing one of similar composition and after refusing to seek expedient solutions which he called unconstitutional. This action has brought Sukarno's reputation for being above party considerations into question for the first time. He will probably be regarded henceforth as more sympathetic to the Nationalist Party than any other. This will inevitably reduce his prestige and his effectiveness as the strongest unifying force in Indonesian political life.

The New Cabinet's Program

8. The program announced by the new cabinet is similar to the programs of its predecessors, differing only in emphasis. The program stresses domestic security, the importance of holding general elections, an economic policy based on the welfare of the common people, an independent foreign policy, and a revision of the relationship between Indonesia and the Netherlands.

9. The problem of domestic security was given first place in the government program, with emphasis given particularly to a pledge to destroy Darul Islam, the Moslem dissident group. President Sukarno has indicated that a campaign will be launched against all armed dissident groups, including specifically certain Communist-controlled groups. However, because an all-out campaign would require a basic reorganization and strengthening of the armed forces,

it is likely that only limited action will be undertaken against Darul Islam. Concurrent with such action, the Nationalist Party and the Communists will seek to weaken popular support for the Masjumi, charging that collaboration exists between Darul Islam and the Masjumi.

10. The new program calls for the immediate holding of general elections for Parliament and a constituent assembly as required by the election law passed by the last session of Parliament. However, considering the other problems confronting the new government and the many obstacles to be removed before elections can be held,* it is not likely that the elections will take place before 1955.

11. The cabinet's announced economic program provides little definite indication of the government's intentions. Little change

* NIE-77, "Probable Developments in Indonesia", published 11 June 1953, page 9, para. 51.

51. We believe that the national elections, although complicated and delayed by numerous technical problems, probably will be held sometime during 1954. The government's ability to maintain at least the present degree of internal security is a critical factor in carrying out the election plans. Also, even though the election law has been passed, regulations to implement the basic law must be formulated and acted on, and the generally illiterate population must be educated and otherwise prepared to carry out its franchise. Various groups which sought to delay adoption of the basic elections law probably will raise other difficulties to present, or at least delay, the promised elections. In this situation, much will depend on the actions of a few political leaders, whose personal goals and motives are not readily discernible.

is expected in agrarian policies. No definite statement was made regarding foreign investment or nationalization of estate or other foreign holdings, but the new government will probably follow a policy less favorable to foreign investors, particularly with respect to labor legislation. The government will probably also take some steps toward regulating the use of foreign exchange in a manner "more advantageous to the masses," a policy which might increase the balance of payments deficit and inflationary pressures.

12. The new government has indicated that it will in general follow the existing foreign policy but will give even greater emphasis to Indonesia's "independent" position. Stress has already been laid on the importance of establishing closer relations with the Soviet Bloc in order to counterbalance those now existing with the West. Arrangements will probably be made soon to open an embassy in Moscow, an action already approved by the Parliament. Attempts will probably be made to increase trade with the Soviet Bloc, but significant results are not likely. Concerning US aid, the foreign minister has announced that the agreement to receive TCA aid will be continued but will be reviewed in order to determine how advantageous it is to Indonesia. Other foreign policy objectives are likely to be: (a) the negotiation of a bilateral treaty with Japan to supplant the San Francisco treaty which the Indonesians signed but did not ratify; (b) a revision of the relationship between the Netherlands and Indonesia, replacing the existing Round Table Agreements of 1949 with normal international treaties; and (c) a renewal of demands that Western New Guinea become part of Indonesia.

Probable Developments

13. We believe that the cabinet will move slowly in carrying out its program. Its Parliamentary support is too meager to risk quick or decisive action on long-standing controversial issues. The government will find it particularly difficult to initiate an all-out campaign to eliminate the Darul Islam or to effect a radical reorganization of the armed forces command.

- a. An all-out attack on the Darul Islam, would probably have the support of the general public, some of the armed forces, and those political groups represented by the Nationalists and the Communists. However, it would probably be resisted by the army commander in the Celebes. It is also likely that the Moslem representatives in the cabinet and Parliament would withdraw their support of the government, thus precipitating its overthrow.
- b. The present government will almost certainly not take decisive steps to reorganize and modernize the armed forces. It may attempt to strengthen the determination of the armed forces to wipe out the Darul Islam by installing Communists or Communist sympathizers in command positions. Any sweeping moves in this direction, however, would probably be strongly opposed -- possibly to the

extent of precipitating an attempt to overthrow the government -- by an estimated seventy-nine of the eighty-five combat battalions in North Sumatra, West Java, and Central Java; fifty percent of the National Police Brigade; the bulk of the air force; and possibly the navy.

14. If the cabinet proceeds toward its goals slowly and cautiously, it is not likely to fall during the next six months or more. The opposition in Parliament does not have sufficient strength to defeat the cabinet, particularly so long as the Communists continue to support the cabinet. The opposition is in a particularly difficult position because it has supported a similar program and where it does disagree with the cabinet, it is advocating policies which, with the possible exception of action against the Darul Islam, have little popular support, i.e., measures to attract foreign investment and increase economic austerity.

15. However, beyond this period, the tenure of the cabinet will become considerably more uncertain because:

- a. The government will be under steady pressure from the Communists to place pro-Communist individuals in key positions in the bureaucracy, the armed forces, and the police. As this occurs, the anti-Communist opposition

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may be able to convince the conservative members of the groups now represented in the government of the Communist danger. Internal dissension in the cabinet or an adverse vote in the Parliament might then cause the government to fall.

- b. The present cabinet must cope with the same controversial issues which caused the overthrow of the previous government. In view of its slim majority in Parliament, the government will run the risk of incurring an adverse vote which would cause its fall any time it seeks to deal with these issues. Moreover, prolonged inaction in handling these issues would probably also lead to the fall of the cabinet.
- c. Indonesia's economy is in precarious condition at present. Either through inexperience or leftist pressure, the present government might not deal effectively with a developing economic crisis. Such failure would lead to its overthrow.

16. As long as the present cabinet remains in power, the Communists will be in a position gradually to increase their influence. They will make progress toward (1) infiltrating the Nationalist and other parties in the government; (2) placing Communists and Communist sympathizers in important positions in the various ministries and in the armed forces; and (3) improving their chances for popular

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popular support in the forthcoming elections. The Communists will also be able to exert considerable influence over the cabinet because of the latter's dependence on Communist support in Parliament. However, we do not believe that through such measures the Communists will for some time be able to gain control over the government. We further believe that they do not now, nor will for some time, have the capability to overthrow the government by force. We believe it unlikely that they can gain the necessary control over the armed forces except through a program of infiltration which would require a considerable period of time.

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